CPP ANNUAL USE OF CAPITAL SURVEY - 2010

NAME OF INSTITUTION
(Include Holding Company Where Applicable)

Clover Community Bankshares, Inc. (Clover Community Bank)

Point of Contact:	Jerry L. Glenn	RSSD: (For Bank Holding Companies)	81429
UST Sequence Number:	713	Docket Number: (For Thrift Holding Companies)	N/A
CPP/CDCI Funds Received:	3,000,000	FDIC Certificate Number: (For Depository Institutions)	27055
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	N/A
Date Funded (first funding):	N/A	City:	Clover
Date Repaid[1]:	N/A	State:	South Carolina

[1]If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

X **Increase lending or reduce lending less than otherwise would have occurred.**

In 2010, the Bank made $8,056,322 in new loans and renewed $25,367,620 and issued and renewed lines of credit for $2,825,142. All of this lending was possible due to the receipt of our CPP Funds in 2009.

X **To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).**

The Bank has not been able to increase our lending as our loan balance decreased by nearly $15,000,000 by both payoffs and write-offs. However, since we received CPP Funds in 2009, we were able to make loans as stated above.

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X **Increase securities purchased (ABS, MBS, etc.).**

Our securities increased by $7,600,000 from paydowns of loans. We reinvested in securities due to low loan demand.

Make other investments.

X **Increase reserves for non-performing assets.**

Our Allowance for Loan Losses increased by $1,217,000 in 2010. In addition, the Bank charged $3,870,000 to Loan Loss Expense and had a loss on OREO of $731,000. Our OREO Valuation Reserve also increased by $110,000

X **Reduce borrowings.**

In December 2010 we paid off our FHLB Advances totaling $8,000,000 from our excess cash and to reduce our balance sheet. CPP Funds were not used to make this payoff, but due to this payoff and receipt of the funds in 2009 this helped improve our capital ratios.

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X **Increase charge-offs.**

Our loan charge offs for 2010 were in excess of $3,000,000

Purchase another financial institution or purchase assets from another financial institution.

X **Held as non-leveraged increase to total capital.**

The receipt of the CPP Funds have enabled the Bank to remain Well Capitalized

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What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

Without the receipt of the $3,000,000 in 2009 our Capital Ratios would have been reduced to a level that would have prevented the Bank from making the loans we did make. Our receipt of CPP Capital has enabled the Bank to be in a position when the economy recovers, to make loans to our customers in the communities we serve.Due to receiving CPP Funds in 2009, the Bank has been able to remain "well capitalized"

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What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

Without the receipt of CPP Funds, the Bank would not have been able to dispose of a large portion of our OREO property during 2010. Due to the market conditions in the housing economy, we were forced to take losses and write down many of the houses and land we have or had in OREO. As stated above, the Bank renewed over $25,000,000 in loans during the year, a portion of which were for borrowers who were experiencing difficulty in making payments. Also, during 2010, we were able to work with creditors to "short sale" their property and thus reduce the amount of loss to the Bank.

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Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.

By receiving CPP Funds, we still have time to continue to look for ways to get additional capital since we are still well capitalized.